



MAYOR AND COUNCIL AGENDA

NO. 9

DEPT.: City Manager's Office /
STAFF CONTACT: Catherine Tuck Parrish

DATE PREPARED: June 15, 2005
FOR MEETING OF: June 20, 2005

SUBJECT: Maryland Municipal League Legislative Action Requests for the 2006 State Legislative Session

RECOMMENDATION:

Staff recommends that the Mayor and Council direct staff to submit the following three items as Legislative Action Requests to the Maryland Municipal League:

- 1. Allow municipalities more discretion in setting up homeowners' tax credit programs by deleting § 9-215.1 of the Tax - Property Article, Maryland Annotated Code, pertaining to municipalities and inserting "municipalities" in § 9-215 regarding counties, thereby authorizing municipalities to have the same discretion allowed for counties.**

Counties are currently allowed to make changes to the amount allowed for assessed valuation and income levels. Cities may only adopt the State amount and may not make changes to either the assessed valuation or income levels that qualify an individual. Allowing municipalities to have the same discretion as Counties for the Homeowners Property Tax Credit Program would give more flexibility and account for the varied property values and income levels around the State based on the desires of the local government's governing body.

- 2. Allow municipalities enact a homestead tax exemption to owner-occupied residential taxpayers**

Currently, municipalities may not offer such an exemption although other states, including the District of Columbia, have such an exemption. State legislation allowing this would enable the City of Rockville to provide an exemption on some amount set by the Mayor and Council to be exempt from City property taxes. There may be Maryland State Constitutional issues related to this proposal. Another mechanism that is currently available to municipalities is to provide a property tax credit to offset the local income tax rate, as Montgomery County has done. This is not as simple or straightforward a solution as an outright homestead exemption.

- 3. Allow municipalities to enact development impact excise taxes on new development**

This would give municipalities like Rockville, the ability to impose development impact taxes on new development. Montgomery County currently imposes development impact taxes for both transportation and schools. The County's authority to impose impact taxes comes from its charter, not from State law. State law allows municipalities to enact impact fees but not impact taxes. The distinction is important because development impact taxes allow municipalities more flexibility in determining the appropriate amount of tax. Article XI-E, § 5 of

the Constitution of Maryland requires express authorization of the General Assembly, by a general law which applies to all municipalities, for a municipality to levy any type of tax, license fee, franchise tax or fee which was not in effect the municipal corporation on January 1, 1954.

DISCUSSION: Each year, the Mayor and Council determine if there are issues that could be addressed by changing State law. These are written as a Legislative Action Request and sent to the Maryland Municipal League (MML). MML's Legislative Committee determines which items should be taken on as an MML priority issue for the upcoming legislative session.

Staff recommends that the two topics above be submitted to MML. MML staff has extensive experience in working through the State legislative process. If either of the City's priorities are adopted, it will allow City staff to work collaboratively with MML staff in Annapolis next year which has proven to be very effective for the City.

If directed through this item, staff will present the above three topics to MML as Legislative Action Requests. These will be discussed and considered along with requests from other jurisdictions over the summer. The final MML priorities will be recommended by the Legislative Committee and voted on by MML jurisdictions at the Fall Legislative Conference.

Fiscal Impact: No direct impact with this action

Change in Law or Policy: Request for the Maryland Municipal League to work on legislation to change State law

Next Steps: Legislative action requests will be submitted to MML soon after the Mayor and Council approve this item

PREPARED BY: Cathy Jackman

APPROVED BY: [Signature] **DATE:** 6/16/05

LIST OF ATTACHMENTS:

Proposed Legislative Action Requests for 2006 State Legislative Session

2006 MML LEGISLATIVE REQUEST

Name of Municipality, Chapter or Department submitting request: Rockville
 Contact Person/Title Catherine Tuck Parrish, Assistant City Manager
 Address/City/State/Zip: 111 Maryland Avenue, Rockville, MD 20850
 Telephone numbers: (Work) 240-314-8103 (Home) _____ Email: ctuckparrish@rockvillemd.gov

Please complete this form in its entirety. Attach additional sheets, if necessary, as well as documents related to your request. **FORM MUST BE RETURNED NO LATER THAN Wednesday, June 15, 2005.**

INTRODUCTION

1. Describe the problem or situation the request is intended to address:
 Municipalities are not authorized to make changes to the amount allowed for assessed valuation or income levels regarding the homeowners' tax credit program. We are bound by state law parameters.
2. Describe the requested legislation:
 Delete Section 9-215.1 of the Tax Property Article Maryland Annotated Code pertaining to municipalities and insert "municipalities" in Section 9-215 regarding counties.
3. Describe how the requested legislation would remedy the problem:
 This would allow municipalities to have the same authority as counties and provide more flexibility.
4. The proposed legislation would address: Only your municipality
 Only municipalities in your county X Only statewide municipalities
 All counties and municipalities in the entire state
5. Would the proposed remedy have a significant fiscal impact on your municipality?
 Each municipality would be able to determine the appropriate parameters (income level, assessed valuation) - fiscal impact would vary by municipality limits established

OVER.....

BACKGROUND INFORMATION

1. Could the problem be resolved by something other than a new law, i.e., action by another level of government or changes in administrative procedures?

NO

2. If administrative remedies have already been pursued, what were they and what was the outcome?

N/A

3. What other state and/or local agencies, if any, would be affected by this proposal?

State Department of Assessments and Taxation

4. Have any state agencies been contacted about the proposal? If yes, what was their reaction?

HISTORICAL INFORMATION

1. Has the League considered this proposal in a previous year? If yes, describe any significant changes in circumstances that might improve its chances of success in 2005:

Not sure

2. Has this request been considered by the General Assembly in prior sessions? If yes, please provide the bill number, year, and outcome of legislation, if known:

Not sure

3. Has this proposed legislation been implemented by any other city, county or state? If yes, please describe where it has been implemented and cite any existing law or model code upon which the proposal is based:

Counties have this authority under Section 9-215 Maryland Annotated Code.

Signature of authorized municipal, chapter
or departmental official

Print name Catherine Tuck Parrish Date

Return Form To:

MML Legislative Committee
1212 West Street
Annapolis, MD 21401

ATTN: Kelly Pierce

Indicate the date of the meeting where the governing body of the municipality, chapter or department endorsed the request: _____

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2006 MML LEGISLATIVE REQUEST

Name of Municipality, Chapter or Department submitting request: Rockville
 Contact Person/Title: Catherine Tuck Parrish, Assistant City Manager
 Address/City/State/Zip: 111 Maryland Avenue, Rockville, MD 20850
 Telephone numbers: (Work) 240-314-8103 (Home) _____ Email: ctuckparrish@rockvillemd.gov

Please complete this form in its entirety. Attach additional sheets, if necessary, as well as documents related to your request. **FORM MUST BE RETURNED NO LATER THAN Wednesday, June 15, 2005.**

INTRODUCTION

1. Describe the problem or situation the request is intended to address:

Municipalities cannot offer a homestead tax exemption to residential homeowners under Maryland law.

2. Describe the requested legislation:

Allow municipalities to enact a homestead tax exemption to owner-occupied residential taxpayers for the first X amount of assessed property value (for example, the first \$10,000 of value on home exempted from Municipal property tax).

3. Describe how the requested legislation would remedy the problem:

Provide flexibility and target the property tax relief to residential homeowners.

4. The proposed legislation would address: _____ Only your municipality
 _____ Only municipalities in your county _____ ☒ Only statewide municipalities
 _____ All counties and municipalities in the entire state

5. Would the proposed remedy have a significant fiscal impact on your municipality?
 Yes. Would cost the City property tax revenue if enacted.

OVER.....

BACKGROUND INFORMATION

1. Could the problem be resolved by something other than a new law, i.e., action by another level of government or changes in administrative procedures?

NO

2. If administrative remedies have already been pursued, what were they and what was the outcome?

NO

3. What other state and/or local agencies, if any, would be affected by this proposal?

Counties that sent out tax bills.

4. Have any state agencies been contacted about the proposal? If yes, what was their reaction?

SDAT indicated changes may be required to the State constitution to allow this.

HISTORICAL INFORMATION

1. Has the League considered this proposal in a previous year? If yes, describe any significant changes in circumstances that might improve its chances of success in 2005:

Not sure.

2. Has this request been considered by the General Assembly in prior sessions? If yes, please provide the bill number, year, and outcome of legislation, if known:

No.

3. Has this proposed legislation been implemented by any other city, county or state? If yes, please describe where it has been implemented and cite any existing law or model code upon which the proposal is based:

District of Columbia, , other states.

Signature of authorized municipal, chapter
or departmental official

Catherine Tuck Parrish
Print name

Date

Return Form To:

MML Legislative Committee
1212 West Street
Annapolis, MD 21401

ATTN: Kelly Pierce

Indicate the date of the meeting where the governing body of the municipality, chapter or department endorsed the request: _____

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2006 MML LEGISLATIVE REQUEST

Rockville

Name of Municipality, Chapter or Department submitting request: _____

Contact Person/Title Catherine Tuck Parrish, Assistant City ManagerAddress/City/State/Zip: 111 Maryland Avenue, Rockville, MD 20850Telephone numbers: (Work) 240-314-8103 (Home) _____ Email: ctuckparrish@rockvillemd.gov

Please complete this form in its entirety. Attach additional sheets, if necessary, as well as documents related to your request. **FORM MUST BE RETURNED NO LATER THAN Wednesday, June 15, 2005.**

INTRODUCTION

1. Describe the problem or situation the request is intended to address:

Municipalities currently can enact impact fees on new development which must meet the test of a reasonable nexus (development fee proportionate to incremental cost of specific service). Costly and difficult to determine and justify.

2. Describe the requested legislation:

Allow municipalities the authority to enact development impact excise taxes on new development. This is currently available to counties with elected executive through home rule charter provisions.

3. Describe how the requested legislation would remedy the problem:

Municipalities would be able to enact impact taxes on new development. This could include amounts for public safety and schools, if desired, and other non-municipal services that cannot be collected by impact fees.

4. The proposed legislation would address: _____ Only your municipality
 _____ Only municipalities in your county ☒ Only statewide municipalities
 _____ All counties and municipalities in the entire state

5. Would the proposed remedy have a significant fiscal impact on your municipality?

Yes

OVER.....

BACKGROUND INFORMATION

1. Could the problem be resolved by something other than a new law, i.e., action by another level of government or changes in administrative procedures?

NO

2. If administrative remedies have already been pursued, what were they and what was the outcome?

NO

3. What other state and/or local agencies, if any, would be affected by this proposal?

Municipalities only.

4. Have any state agencies been contacted about the proposal? If yes, what was their reaction?

NO

HISTORICAL INFORMATION

1. Has the League considered this proposal in a previous year? If yes, describe any significant changes in circumstances that might improve its chances of success in 2005:

Not sure

2. Has this request been considered by the General Assembly in prior sessions? If yes, please provide the bill number, year, and outcome of legislation, if known:

Not sure

3. Has this proposed legislation been implemented by any other city, county or state? If yes, please describe where it has been implemented and cite any existing law or model code upon which the proposal is based:

Montgomery County. Counties with elected executive form of government granted this authority under home rule charter.

Signature of authorized municipal, chapter
or departmental official

Catherine Tuck Parrish
Print name Date

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Annapolis, MD 21401

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